

Sustainability of Micro, Small and Medium Enterprises (MSMEs) in Sri Lanka: Determinants of the Business Success – A Case Study in Kurunegala District

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Abstract

The Micro, Small and Medium Enterprise (MSME) sector plays a major role in Sri Lankan economy. It immensely contributes to regional development, employment generation and poverty alleviation. Hence, this sector has been identified as the backbone of the Sri Lankan economy. In Sri Lanka, despite the fact that some MSMEs have been declining or stagnant, some other have been successful and growing. The focus of this study was to identify the key determinants of business success among MSMEs in Sri Lanka which affect the long-term sustainability of them. The study surveyed 120 entrepreneurs using a questionnaire which comprised the demographic information of the respondents and a set of items to measure business success. Five-point Likert scale anchored by strongly disagree and strongly agree were applied to measure perceived business success. In addition to descriptive statistics, t-test, ANOVA and regression analysis were employed by using SPSS 16 statistical software to generalize the findings. It disclosed that, marketing, technology, access to capital, government support and infrastructure are the key determinants of business success that affect the long-term sustainability of MSMEs. The study further revealed that the inherent businesses were more successful than the businesses which were established by themselves and the educational background did not give applicable skills for running the business. These findings suggest that MSMEs should crucially focus on improving their marketing strategy, acquiring and demonstrating advanced sophisticated technology, and getting capital access to obtain sustainable business success. Other interested parties with development of MSMEs such as government agencies, business development services, and business supporting institutes should also be prepared to offer the needed assistance with relate to those aspects.

Keywords: Business success, Determinants, Enterprise, Micro, Sustainability

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